

*See B*

*Separate*

# NATIONAL LIFE OF CANADA



SIXTY-EIGHTH ANNUAL REPORT

---

Nineteen Hundred and Sixty-six





## OUR PROGRESS AT A GLANCE

|                                               | 1966            | 1965            |
|-----------------------------------------------|-----------------|-----------------|
| Life Business in Force.....                   | \$1,459,090,751 | \$1,356,490,142 |
| <i>Comprising</i>                             |                 |                 |
| Individual.....                               | 539,778,993     | 505,978,851     |
| Group Insurance.....                          | 603,802,814     | 539,775,779     |
| Group Annuities.....                          | 315,508,944     | 310,735,512     |
| New Life Business.....                        | 118,538,137     | 222,572,669     |
| <i>Comprising</i>                             |                 |                 |
| Individual.....                               | 82,306,920      | 86,573,500      |
| Group Insurance.....                          | 26,295,281      | 124,402,765     |
| Group Annuities.....                          | 9,935,936       | 11,596,404      |
| <i>(All figures net of reinsurance ceded)</i> |                 |                 |
| Premium Income.....                           | 21,937,007      | 20,770,133      |
| Investment Income excluding profits.....      | 7,864,065       | 7,116,356       |
| Benefits Paid or Provided For.....            | 22,496,943      | 20,982,755      |
| Total Assets.....                             | 150,638,738     | 136,214,194     |
| Net Earned Interest Rate.....                 | 6.20%           | 6.15%           |
| Capital and Surplus.....                      | 9,853,832       | 8,190,251       |

## BOARD OF DIRECTORS

HON. M. WALLACE McCUTCHEON, P.C., Q.C.\*  
*Chairman of the Board*

HAROLD R. LAWSON\*  
*Vice-Chairman of the Board and  
Chairman of the Executive Committee*

JOHN A. RHIND\*  
*President*

LAWRENCE C. BONNYCASTLE\*  
*Vice-President*

HON. JOHN B. AIRD, Q.C.

DONALD C. CARLISLE

GEORGE I. DAVIS\*

BARRY B. HAYES

GEORGE D. MEAD

HON. LIVINGSTON T. MERCHANT

EDWARD P. NEUFELD

COL. SIDNEY C. OLAND, V.D., LL.D.

CLAUDE PRATTE, LL.L.

HAROLD W. THOMSON

FRANK S. VANSTONE

WILLIAM P. WILDER\*

\* *Member of the Executive Committee*

## THE NATIONAL LIFE ASSURANCE COMPANY OF CANADA

*Head Offices: Canada*

522 University Avenue, Toronto

United States

291 Glen Street, Glens Falls, N.Y.





## REPORT OF THE BOARD OF DIRECTORS

**Business Transacted**—New business during the year amounted to \$118,538,137. The substantial decline in this figure from the previous year (see page 1 for comparative figures) was the result of a drop in new group life insurance business to \$26,295,281 from \$124,402,765. Such wide year-to-year differences occur because the group insurance business involves a relatively small number of cases, a high proportion of which are very large. During the year life insurance in force reached \$1,459,090,751, a gain of 7.6% over 1965.

**Assets**—Assets, exclusive of separate funds, increased \$12,545,587 to \$131,105,414. As a result of substantial declines in both bond and stock markets, year-end security values based on those values authorized by the insurance law of Canada were in the aggregate \$216,586 less than the values at which they were carried in the books. This difference was more than adequately covered by investment and contingency reserves of \$1,650,000.

Again in 1966 a major portion of the funds available for investment was directed into residential first mortgages. Much of this activity was the result of commitments outstanding at the beginning of the year, and by the end of the year mortgage commitments had been substantially reduced. During the latter half of the year net purchases of common stocks were made amounting to \$1,350,000 by market value. Chiefly as a result of exchanges made within the common stock portfolio, profits realized on the sale of assets during the year totaled \$389,861.

The net rate of interest earned on the Company's assets, after deducting expenses, was 6.20%.

Separate fund assets held for corporate pension plans increased by \$1,878,957 to \$19,533,324.

**Operating Results**—Mortality experience was more favourable throughout 1966 and death and disability benefits of \$6,204,902 showed only a slight increase over 1965. As explained in last year's report certain figures for 1965 were distorted by substantial pension fund withdrawals brought about by the introduction of the Canada and Quebec Pension Plans. This accounts for the wide differences in the amounts shown for matured endowments and surrender benefits and the provision for future guaranteed benefits. General expenses increased \$293,595 to \$3,475,843 and operating income, after dividends to policyholders, decreased \$90,079 to \$1,281,041. The comparison with 1965 operating results is affected by the above-mentioned pension withdrawals. Operating income in 1965 was increased by approximately \$230,000 as a result of the recovery of subsidies from previous years' earnings that had gone into the reserves for these pension plans.

**Capital and Surplus**—Total capital and surplus increased by a record \$1,663,581 to \$9,853,832. Included in this figure are investment and contingency reserves of \$1,650,000 which were increased \$400,000.

**Directors and Officers**—Mr. R. P. Crawford, formerly President of the Glens Falls Insurance Company, has resigned from the Board of National Life. His place as a shareholders' director has been filled by Prof. Edward P. Neufeld, Ph.D., Professor of Economics, University of Toronto. Mr. J. K. Williams, Q.C., who for several years has been General Counsel and Secretary, was appointed a Vice-President of the Company.

**Appreciation**—We would like to express once again our appreciation to the staff and field force of the Company who have contributed so much to the continued growth of The National Life.

M. W. McCUTCHEON  
*Chairman of the Board*

J. A. RHIND  
*President*



## STATEMENT OF ASSETS AND LIABILITIES

| December 31                                    | 1966                 | 1965                 |
|------------------------------------------------|----------------------|----------------------|
| <b>ASSETS</b>                                  |                      |                      |
| Government of Canada bonds.....                | \$ 3,530,625         | \$ 3,066,504         |
| Provincial and municipal bonds.....            | 8,665,163            | 7,323,797            |
| Corporate bonds.....                           | 20,565,164           | 20,203,455           |
| Other bonds.....                               | 5,666,074            | 4,565,312            |
|                                                | <hr/>                | <hr/>                |
| Bonds.....                                     | 38,427,026           | 35,159,068           |
| Preferred stocks.....                          | 398,148              | 449,196              |
| Common stocks.....                             | 6,548,952            | 4,810,435            |
| First mortgage loans.....                      | 74,936,977           | 67,545,263           |
| Policy loans.....                              | 5,208,244            | 4,744,225            |
| Real estate held for investment.....           | 1,474,194            | 1,569,440            |
|                                                | <hr/>                | <hr/>                |
| Invested assets other than separate funds..... | 126,993,541          | 114,277,627          |
| Cash.....                                      | 830,814              | 689,136              |
| Premiums receivable.....                       | 969,528              | 1,256,376            |
| Home office property.....                      | 859,184              | 850,381              |
| Interest due and accrued.....                  | 1,236,347            | 1,144,607            |
| Other assets.....                              | 216,000              | 341,700              |
|                                                | <hr/>                | <hr/>                |
| Total assets other than separate funds.....    | 131,105,414          | 118,559,827          |
| Separate funds.....                            | 19,533,324           | 17,654,367           |
|                                                | <hr/>                | <hr/>                |
| Total assets.....                              | <u>\$150,638,738</u> | <u>\$136,214,194</u> |

## LIABILITIES, CAPITAL AND SURPLUS FUNDS

|                                                     |                      |                      |
|-----------------------------------------------------|----------------------|----------------------|
| Provision for future guaranteed benefits.....       | \$110,233,932        | \$100,436,018        |
| Provision for claims pending.....                   | 2,207,592            | 1,883,021            |
| Provision for policyholders' dividends.....         | 1,649,888            | 1,549,555            |
| Amounts left on deposit by policyholders.....       | 5,108,976            | 4,234,370            |
| Short-term indebtedness.....                        | 1,534,984            | 1,535,557            |
| Other liabilities.....                              | 516,210              | 731,055              |
|                                                     | <hr/>                | <hr/>                |
| Total liabilities other than separate funds.....    | 121,251,582          | 110,369,576          |
| Capital stock—100,000 shares of \$10 par value..... | 1,000,000            | 1,000,000            |
| Investment and contingency reserves.....            | 1,650,000            | 1,250,000            |
| Surplus.....                                        | 7,203,832            | 5,940,251            |
|                                                     | <hr/>                | <hr/>                |
| Total capital and surplus funds.....                | 9,853,832            | 8,190,251            |
| Separate funds.....                                 | 19,533,324           | 17,654,367           |
|                                                     | <hr/>                | <hr/>                |
| Total liabilities, capital and surplus funds.....   | <u>\$150,638,738</u> | <u>\$136,214,194</u> |

M. W. McCUTCHEON  
Chairman of the Board

J. A. RHIND  
President

### Notes

1. Bonds are carried at amortized cost or less and stocks at cost or less, except for those included among assets held for separate funds, which are carried at market values. At December 31, 1966 these values in the aggregate exceed those authorized by the insurance law of Canada by approximately \$217,000, against which the Company carries investment and contingency reserves of \$1,650,000.
2. Home office property is shown after deducting a mortgage of \$160,816 in 1966 and \$179,620 in 1965.
3. \$1 U.S. is treated as equivalent to \$1 Canadian and £1 Sterling as \$3 Canadian. If current rates of exchange had been used, there would have been no material change in surplus funds shown.





## STATEMENT OF INCOME

| Year ended December 31                                                                 | 1966          | 1965          |
|----------------------------------------------------------------------------------------|---------------|---------------|
| <b>INCOME</b>                                                                          |               |               |
| Insurance and annuity premiums.....                                                    | \$ 21,937,007 | \$ 20,770,133 |
| Interest, dividends and rents.....                                                     | 7,864,065     | 7,116,356     |
| Total.....                                                                             | 29,801,072    | 27,886,489    |
| <b>DISPOSITION OF INCOME</b>                                                           |               |               |
| Death and disability benefits.....                                                     | 6,204,902     | 6,163,877     |
| Matured endowments and surrender benefits.....                                         | 4,179,538     | 7,406,760     |
| Annuity payments.....                                                                  | 629,236       | 484,401       |
| Interest on deposits by policyholders.....                                             | 210,819       | 183,430       |
| Provision for future guaranteed benefits.....                                          | 9,797,915     | 5,303,376     |
| Other benefit payments.....                                                            | 218,619       | 192,207       |
| Sub-total—Benefits paid or provided for<br>(excluding dividends to policyholders)..... | 21,241,029    | 19,734,051    |
| Commissions.....                                                                       | 1,618,444     | 1,580,195     |
| General insurance expenses.....                                                        | 3,475,843     | 3,182,248     |
| Taxes (excluding Canadian income taxes).....                                           | 394,219       | 310,994       |
| Investment expenses.....                                                               | 534,582       | 459,177       |
| Total.....                                                                             | 27,264,117    | 25,266,665    |
| Operating income before dividends to policyholders.....                                | 2,536,955     | 2,619,824     |
| Less dividends to policyholders.....                                                   | 1,255,914     | 1,248,704     |
| Operating income.....                                                                  | \$ 1,281,041  | \$ 1,371,120  |

## STATEMENT OF CAPITAL AND SURPLUS FUNDS

| Year ended December 31                           | 1966         | 1965         |
|--------------------------------------------------|--------------|--------------|
| Operating income.....                            | \$ 1,281,041 | \$ 1,371,120 |
| Realized capital gains and losses.....           | 389,861      | 61,383       |
| Write down of assets.....                        | —            | (28,000)     |
| Canadian income taxes.....                       | (7,321)      | (7,267)      |
| Total.....                                       | 1,663,581    | 1,397,236    |
| Capital and surplus funds beginning of year..... | 8,190,251    | 6,793,015    |
| Capital and surplus funds end of year.....       | \$ 9,853,832 | \$ 8,190,251 |

### AUDITORS' REPORT TO THE SHAREHOLDERS AND POLICYHOLDERS

We have examined the statement of assets and liabilities of The National Life Assurance Company of Canada as at December 31, 1966 and the statements of income and capital and surplus funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances; the provisions for future guaranteed benefits and for policyholders' dividends were determined and certified by the Company's Actuary.

Based on our examination and the certificate of the Actuary, we report that in our opinion the accompanying statement of assets and liabilities and statements of income and capital and surplus funds present fairly the financial position of the Company as at December 31, 1966 and the results of its operations for the year ended on that date.

CLARKSON, GORDON & CO.  
Chartered Accountants

TORONTO, CANADA, JANUARY 20, 1967



# BRANCH OFFICES AND AGENCIES

|                       |                    |                               |                           |
|-----------------------|--------------------|-------------------------------|---------------------------|
| BRITISH COLUMBIA..... | Vancouver          | W. R. PENN, C.L.U.            | Branch Manager            |
|                       | Vancouver South    | G. E. FLYNN                   | Branch Manager            |
| ALBERTA.....          | Calgary            | A. A. WILKES, C.L.U.          | Branch Manager            |
|                       | Lethbridge         | G. W. POPMA                   | Special Agent             |
|                       | Edmonton           | H. COHEN, C.L.U.              | Branch Manager            |
| MANITOBA.....         | Winnipeg           | L. GARRISON                   | Branch Manager            |
|                       | Winnipeg Garry     | M. KOREN                      | General Agent             |
| ONTARIO.....          | Hamilton           | G. S. DONAS                   | Branch Manager            |
|                       | St. Catharines     | G. B. REMIGIO                 | Branch Manager            |
|                       | Sarnia             | H. E. QUIST, C.L.U.           | Special Agent             |
|                       | Toronto Bradshaw   | R. H. BRADSHAW                | General Agent             |
|                       | Toronto Central    | G. R. TRUSSLER                | Branch Manager            |
|                       | Toronto North      | C. W. NUSCA                   | Branch Manager            |
|                       | Toronto Simcoe     | L. J. D'ALTON                 | Branch Manager            |
|                       | Toronto South      | G. L. JOEDICKE                | Branch Manager            |
|                       | Downsview          | J. BRODSKY                    | General Agent             |
|                       | Toronto            | L. H. McLAUGHLIN, C.L.U.      | General Agent             |
|                       | Ottawa             | W. E. TUFTS, C.L.U.           | Branch Manager            |
| QUEBEC.....           | Quebec City        | J. A. ROY, C.L.U.             | Branch Manager            |
|                       | Montreal Island    | Y. H. McDougall               | Branch Manager            |
|                       | Montreal Uptown    | CHARNEY-MILLER ASSOC. LIMITED | General Agent             |
|                       | Mount Royal        | A. KING, C.L.U.               | Branch Manager            |
|                       | Sherbrooke         | J. E. R. PEPIN                | Branch Secretary          |
| NOVA SCOTIA.....      | Halifax            | G. M. CONNOR                  | Branch Manager            |
| NEWFOUNDLAND.....     | St. John's         | T. B. MURPHY, C.L.U.          | Branch Manager            |
| ARIZONA.....          | Phoenix            | M. MAHON                      | Life Manager              |
| CALIFORNIA.....       | Los Angeles        | D. LONG                       | Life Sales Representative |
|                       | San Francisco      | M. O'HARA                     | Life Sales Representative |
| CONNECTICUT.....      | Hartford           | F. X. JOHNSTON                | Manager                   |
| FLORIDA.....          | Jacksonville       | E. JOHNSON                    | Manager                   |
| ILLINOIS.....         | Chicago            | A. E. CARLSON                 | Zone Life Superintendent  |
| INDIANA.....          | Indianapolis       | M. H. CRAVENS                 | Manager                   |
| KENTUCKY.....         | Louisville         | L. P. MURRAY                  | Manager                   |
| MARYLAND.....         | Baltimore          | A. H. KREBS                   | Life Manager              |
| MASSACHUSETTS.....    | Boston             | H. P. STEELE                  | Manager                   |
| MICHIGAN.....         | Detroit            | J. A. KNAPP                   | Manager                   |
| MISSOURI.....         | Kansas City        | T. BLAKE                      | Life Sales Representative |
| NEW JERSEY.....       | Newark             | R. MORGOSH                    | Manager                   |
| NEW YORK.....         | Albany             | C. MILLER                     | Life Manager              |
|                       | Buffalo            | E. J. FLAD                    | Manager                   |
|                       | Glens Falls        | D. ALLEN                      | Life Sales Representative |
|                       | New York City      | T. DEBOLD                     | Manager                   |
|                       | Rochester          | G. DeLORME                    | Life Sales Representative |
|                       | Syracuse           | C. M. ELLIOTT                 | Life Manager              |
| NORTH CAROLINA.....   | Raleigh            | D. A. MAY                     | Life Sales Representative |
| OHIO.....             | Columbus           | L. FRANZ                      | Life Sales Representative |
|                       | Stow               | C. DiTOMMASO                  | Life Sales Representative |
| PENNSYLVANIA.....     | Philadelphia       | L. CLAWGES                    | Life Sales Representative |
|                       | Pittsburgh         | R. WILLIAMS                   | Life Sales Representative |
| TENNESSEE.....        | Nashville          | C. W. KING                    | Life Sales Representative |
| VIRGINIA.....         | Richmond           | D. A. MAY                     | Life Sales Representative |
| BERMUDA.....          | Hamilton           | A. A. POWELL                  | General Agent             |
| WEST INDIES.....      | Jamaica            | N. E. BINGHAM                 | Branch Manager            |
|                       | Caribbean Agencies | J. V. GONSALVES               | General Agent             |
|                       | Barbados           | K. D. G. FROST                | Manager                   |
|                       | Curacao and Aruba  | C. F. GUILLEN                 | Manager                   |
|                       | Trinidad           | A. F. GONSALVES               | Manager                   |
|                       |                    | N. N. M. GUILLEN              | Production Manager        |

## EXECUTIVE OFFICERS

|                                                                                                                 |                                                                                   |                                                                       |
|-----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| H. R. LAWSON, F.S.A., F.C.I.A.<br><i>Vice-Chairman of the Board and<br/>Chairman of the Executive Committee</i> | HON. M. WALLACE McCUTCHEON,<br>P.C., Q.C., A.S.A.<br><i>Chairman of the Board</i> | J. A. RHIND<br><i>President</i>                                       |
| G. M. DRURY<br><i>Vice-President-Administration</i>                                                             | C. T. P. GALLOWAY, F.S.A., F.C.I.A.<br><i>Vice-President and Actuary</i>          | R. G. HENDERSON<br><i>Vice-President and<br/>Director of Agencies</i> |
| J. K. WILLIAMS, Q.C.<br><i>Vice-President and Secretary</i>                                                     | F. M. CRISPO<br><i>Treasurer</i>                                                  | W. W. BUCHANAN<br><i>Secretary—U.S.A.</i>                             |